

Message Text

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ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 L-02 STR-01 COME-00 CU-02 CIAE-00

PM-03 INR-07 ACDA-05 NSAE-00 PA-01 PRS-01 SP-02

USIA-06 TRSE-00 SAJ-01 SS-15 NSC-05 DODE-00 /074 W

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AMEMBASSY MOSCOW

C O N F I D E N T I A L GENEVA 1286

E.O. 11652: GDS

TAGS: PFOR CSCE EGEN EEWWT

SUBJECT: CSCE: COMMERCIAL EXCHANGES

REF: (A) STATE 41755; (B) GENEVA 1197

1. US BASKET II REP MET WITH POJARSKY AND ROUBININE OF SOVDEL FEB 25 TO REVIEW REMAINING COMMITTEE II ISSUES. MFN, RECIPROCITY AND SAFEGUARD CLAUSE WERE MAIN POINTS DISCUSSED.

2. RE RECIPROCITY, POJARSKY SAID SOVIETS FELT THIS CONCEPT SHOULD BE PLACED IN GENERAL BASKET II PREAMBLE (AS IN HELSINKI RECOMMENDATIONS) WHERE IT WOULD RELATE TO ALL BASKET II TEXTS. HE SAID AT LEAST SOME EC STATES SEEMED FAVORABLY INCLINED TO THIS. SOVIETS RECOGNIZED TERM WOULD PROBABLY NEED TO BE SPELLED OUT TO SOME EXTENT, AND THEY THEMSELVES FAVERED REFERENCE TO "EQUALITY OF RIGHTS". SOVIETS DID NOT LIKE TERMS SUCH AS "EFFECTIVE RECIPROCITY" "OVERALL RECIPROCITY" "GLOBAL RECIPROCITY" OR FORMER EC PROPOSAL CONCERNING "EQUIVALENCE OF RIGHTS AND OBLIGATIONS". WE SAID WE SAW NO PRIMA FACIE PROBLEMS WITH TERM "EQUALITY OF RIGHTS" (WITHOUT LEAVING IMPRESSION IT WOULD SUFFICE IN ITSELF) BUT SAID THAT ITS MEANING IN THIS CONTEXT NOT

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ENTIRELY CLEAR. IF IT WERE INTENDED TO MEAN THAT MFN SHOULD BE

GRANTED AUTOMATICALLY, WE WOULD NOT BE ABLE TO ACCEPT IT. POJARSKY SAID THIS WAS NOT INTENDED. ON OTHER HAND, POJARSKY SAID SOVIETS HAD NO DIFFICULTY WITH NOTION OF FULL RECIPROCITY AND OF EQUITY BUT NEEDED TO FIND APPROPRIATE LANGUAGE THAT AVOIDED POLITICAL CONNOTATION. HE FELT A FORMULA COULD BE FOUND WITH EC BY CONTINUING PRESENT INFORMAL CONSULTATIONS. THESE MIGHT RUN SEVERAL WEEKS, Owing TO NEED TO COORDINATE OTHER ISSUES.

3. WE SAID OUR OBJECTIVE WAS THAT OF CLOSELY LINKING MFN AND EFFECTIVE RECIPROCITY AND INDICATING THESE WERE TO BE DEFINED IN BILATERAL AND MULTILATERAL AGREEMENTS. WE SAID WE SAW NO DIFFICULTY WITH LANGUAGE MAKING CLEAR RECIPROCITY WAS RELATED TO ECONOMIC AREAS. POJARSKY SAID THAT THEY CONSIDERED THAT IF RECIPROCITY WERE IN

PREAMBLE AND MFN DEALT WITH IN TEXT ON COMMERCIAL EXCHANGES, IT WOULD BE APPROPRIATE TO HAVE CROSS REFERENCE TO RECIPROCITY IN MFN TEXT. HE ALSO INDICATED AGREEMENT TO AN INDICATION IN TEXT THAT MFN WOULD ACTUALLY BE EXTENDED IN CONTEXT OF BILATERAL OR MULTILATERAL AGREEMENTS.

4. (COMMENT: BUSINESSLIKE SOVIET ATTITUDE SEEMED TO CONTRADICT PREVIOUS SIGNS THEY WERE DRAWING BACK FROM SPECIFIC LANGUAGE ON MFN AND RECIPROCITY BECAUSE OF JACKSON-VANIK. POJARSKY DID, HOWEVER, RECOGNIZE THE POSSIBILITY THAT ONE SOLUTION FOR MFN-RECIPROCITY PROBLEM MIGHT BE TO DEAL WITH NEITHER IN CSCE TEXT, BUT SEEMED REASONABLY OPTIMISTIC THAT MUTUALLY ACCEPTABLE TEXTS COULD BE DEVISED.)

5. ON SAFEGUARD CLAUSE, SOVIETS SAID EXPRESSION "CAUSE SERIOUS INJURY OR THREATEN TO CAUSE SERIOUS INJURY, INCLUDING MARKET DISRUPTION" PRESENTED MAINLY SEMANTIC PROBLEM BECAUSE "SERIOUS INJURY" AND "MARKET DISRUPTION" WERE VIRTUALLY INDISTINGUISHABLE IN RUSSIAN. WHEN WE POINTED OUT ENGLISH LANGUAGE VERSION OF US/USSR BILATERAL TRADE AGREEMENT REFERRED TO "MARKET DISRUPTION", HE CLAIMED RUSSIAN TEXT WAS SAME AS IF ENGLISH VERSION HAD READ "SERIOUS INJURY". HE ALSO QUESTIONED WHETHER IT POSSIBLE TO SPEAK OF MARKET DISRUPTION TO INDIVIDUAL PRODUCERS. THEY COULD ACCEPT MARKET DISRUPTION ALONE AND WITHOUT REFERENCE TO PRODUCERS, NOTING "DOMESTIC INDUSTRY" USED IN TRADE ACT. SEVERAL OTHER FORMULATIONS WERE BROACHED INCLUDING "MARKET DISRUPTION, CONFIDENTIAL

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INCLUDING SERIOUS INJURY TO DOMESTIC PRODUCERS". IN CONCLUSION, POJARSKY INDICATED SOVIETS NOT KEENLY INTERESTED IN CHOICE BETWEEN TERMS "MARKET DISRUPTION" AND "SERIOUS INJURY" AND THEY CONSIDERED THIS PRIMARILY AN ISSUE BETWEEN US, EC, AND CANADA.

6. CONCERNING UNRESOLVED DIFFICULTIES CONCERNING DEVELOPING COUNTRY TEXT IN BASKET II PREAMBLE, POJARSKY APPEARED CONFIDENT THAT SOLUTION WOULD BE FOUND RELATIVELY EASILY.

7. WE EXPLAINED OUR PROBLEMS WITH "WILL TAKE ACCOUNT OF" IN
SECOND PART OF SAFEGUARD CLAUSE (STATE 29371, PARA 3). SOVIETS
DID NOT OFFER IMMEDIATE REACTION.

8. WE EXPECT TO CONTINUE INFORMAL DISCUSSION WITH EC AND OTHER
NATO COUNTRIES IN EFFORT TO IDENTIFY POSSIBLE COMMON LANGUAGE.
WOULD HOWEVER WELCOME ADVICE ON QUESTIONS OF RUSSIAN TRANSLATION
AND DEPT. REACTIONS TO QUESTIONS RAISED PARAS ONE AND TWO OF
REFTEL B. DALE

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